

SENATE BILL 883

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2000 Regular Session  
0lr2750  
CF 0lr2838

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By: **Senator Dorman**  
Introduced and read first time: March 1, 2000  
Assigned to: Rules  
Re-referred to: Finance, March 2, 2000

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 27, 2000

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2                                   **Health Insurance - Substantial, Available, and Affordable Coverage**  
3                                   **Products**

4 FOR the purpose of requiring the Maryland Insurance Commissioner to notify the  
5 State Health Services Cost Review Commission of certain health insurance  
6 carriers that apply for approval of a substantial, available, and affordable  
7 coverage (SAAC) product, or have a SAAC product that has been approved,  
8 under certain provisions of law; specifying procedures for applying for approval  
9 of a SAAC product; specifying the requirements a SAAC product must meet to  
10 qualify for approval; requiring the State Health Services Cost Review  
11 Commission to grant a certain differential to a carrier that has an approved  
12 SAAC product; specifying the circumstances under which a carrier must submit  
13 a corrective plan to the Commission; authorizing a corrective plan to provide for  
14 certain actions; requiring a carrier to pay a certain amount to the Commission  
15 or the Commission's designee if the carrier stops offering a SAAC product;  
16 requiring a carrier that sends a letter of declination to an applicant for medically  
17 underwritten health insurance in the nongroup market to send the applicant  
18 certain information about the availability of SAAC products in the nongroup  
19 market; authorizing the Commissioner and the Commission to adopt certain  
20 regulations; providing for the application of certain provisions of this Act;  
21 defining certain terms; prohibiting the Commission from taking any action to  
22 eliminate or adjust a certain SAAC differential until ~~a certain date~~ certain  
23 conditions are satisfied; altering the date by which the Task Force to Study the  
24 Non-group Health Insurance Market must submit a final report to the General  
25 Assembly; providing for a delayed effective date for certain provisions of this  
26 Act; and generally relating to substantial, available, and affordable coverage  
27 products in the nongroup health insurance market.

1 BY adding to  
2 Article - Health - General  
3 Section 19-207.1 and 19-706(nn)  
4 Annotated Code of Maryland  
5 (1996 Replacement Volume and 1999 Supplement)

6 BY adding to  
7 Article - Insurance  
8 Section 15-130; and 15-6A-01 through 15-6A-03 and 15-6A-05 to be under the  
9 new subtitle "Subtitle 6A. Substantial, Available, and Affordable Coverage  
10 Products"  
11 Annotated Code of Maryland  
12 (1997 Volume and 1999 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article - Insurance  
15 Section 15-128(h) and 15-606  
16 Annotated Code of Maryland  
17 (1997 Volume and 1999 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Health - General**

21 19-207.1.

22 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
23 INDICATED.

24 (2) "CARRIER" MEANS:

25 (I) AN INSURER;

26 (II) A NONPROFIT HEALTH SERVICE PLAN;

27 (III) A HEALTH MAINTENANCE ORGANIZATION;

28 (IV) A DENTAL PLAN ORGANIZATION; OR

29 (V) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS  
30 SUBJECT TO REGULATION BY THE STATE.

31 (3) "COMMISSIONER" MEANS THE MARYLAND INSURANCE  
32 COMMISSIONER.

33 (4) "SAAC PRODUCT" HAS THE MEANING STATED IN § 15-6A-01 OF THE  
34 INSURANCE ARTICLE.

1 (5) "SUBSIDY" MEANS THE AMOUNT OF HEALTH CARE EXPENDITURES  
2 PAID BY A CARRIER THAT EXCEEDS 70% OF THE PREMIUM EARNED FOR THE SAAC  
3 PRODUCT BY THE CARRIER.

4 (6) "VALUE OF THE DIFFERENTIAL" MEANS THE DIFFERENCE BETWEEN  
5 WHAT THE CARRIER WOULD HAVE PAID FOR HOSPITAL SERVICES WITHOUT THE  
6 DIFFERENTIAL, AND WHAT THE CARRIER PAID FOR HOSPITAL SERVICES WITH THE  
7 DIFFERENTIAL.

8 (B) THE COMMISSIONER SHALL NOTIFY THE COMMISSION OF EACH CARRIER  
9 THAT:

10 (1) APPLIES FOR APPROVAL OF A SAAC PRODUCT UNDER § 15-6A-03 OF  
11 THE INSURANCE ARTICLE; OR

12 (2) HAS A SAAC PRODUCT THAT HAS BEEN APPROVED UNDER § 15-6A-03  
13 OF THE INSURANCE ARTICLE.

14 (C) (1) THE COMMISSION SHALL GRANT UP TO A 2% DIFFERENTIAL TO A  
15 CARRIER THAT HAS A SAAC PRODUCT THAT HAS BEEN APPROVED UNDER § 15-6A-03  
16 OF THE INSURANCE ARTICLE.

17 (2) IF THE VALUE OF THE DIFFERENTIAL IS EQUAL TO OR LESS THAN  
18 TWO TIMES THE SUBSIDY, THE CARRIER HAS EARNED THE DIFFERENTIAL.

19 (3) IF THE VALUE OF THE DIFFERENTIAL IS GREATER THAN TWO TIMES  
20 THE SUBSIDY, THE CARRIER SHALL SUBMIT A CORRECTIVE PLAN TO THE  
21 COMMISSION, FOR APPROVAL BY THE COMMISSION, IN CONSULTATION WITH THE  
22 COMMISSIONER.

23 (D) A CORRECTIVE PLAN UNDER SUBSECTION (C)(3) OF THIS SECTION MAY  
24 PROVIDE FOR:

25 (1) PAYMENT BY THE CARRIER TO THE COMMISSION OR THE  
26 COMMISSION'S DESIGNEE IN THE AMOUNT BY WHICH THE VALUE OF THE  
27 DIFFERENTIAL EXCEEDS TWO TIMES THE SUBSIDY;

28 (2) A REDUCTION IN THE DIFFERENTIAL GIVEN TO THE CARRIER; OR

29 (3) ANY OTHER ACTION APPROVED BY THE COMMISSION, IN  
30 CONSULTATION WITH THE COMMISSIONER.

31 (E) IF A CARRIER STOPS OFFERING A SAAC PRODUCT, THE CARRIER SHALL  
32 PAY TO THE COMMISSION OR THE COMMISSION'S DESIGNEE THE AMOUNT BY WHICH  
33 THE VALUE OF THE DIFFERENTIAL EXCEEDS TWO TIMES THE SUBSIDY.

34 (F) THE COMMISSION MAY ADOPT REGULATIONS TO IMPLEMENT THIS  
35 SECTION.

1 19-706.

2 (NN) THE PROVISIONS OF § 15-130 AND TITLE 15, SUBTITLE 6A OF THE  
3 INSURANCE ARTICLE SHALL APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

4 **Article - Insurance**

5 15-128.

6 (h) The Task Force shall submit a preliminary report on its findings and  
7 recommendations to the Governor and, subject to § 2-1246 of the State Government  
8 Article, to the General Assembly on or before December 15, 1999 and a final report in  
9 the same manner on or before [December 15] OCTOBER 1, 2000.

10 15-130.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
12 INDICATED.

13 (2) "CARRIER" MEANS:

14 (I) AN INSURER;

15 (II) A NONPROFIT HEALTH SERVICE PLAN;

16 (III) A HEALTH MAINTENANCE ORGANIZATION;

17 (IV) A DENTAL PLAN ORGANIZATION; OR

18 (V) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS  
19 SUBJECT TO REGULATION BY THE STATE.

20 (3) "SAAC PRODUCT" HAS THE MEANING STATED IN § 15-6A-01 OF THIS  
21 TITLE.

22 (B) THIS SECTION APPLIES TO CARRIERS THAT OFFER MEDICALLY  
23 UNDERWRITTEN HEALTH INSURANCE IN THE NONGROUP MARKET IN THE STATE.

24 (C) (1) A CARRIER SUBJECT TO THIS SECTION THAT SENDS A LETTER OF  
25 DECLINATION TO AN APPLICANT FOR MEDICALLY UNDERWRITTEN HEALTH  
26 INSURANCE IN THE NONGROUP MARKET SHALL SEND TO THE APPLICANT  
27 INFORMATION ABOUT THE AVAILABILITY OF SAAC PRODUCTS IN THE NONGROUP  
28 MARKET.

29 (2) THE INFORMATION SHALL BE IN THE FORM, AND SHALL BE SENT IN  
30 THE MANNER, THAT THE COMMISSIONER REQUIRES.

## SUBTITLE 6A. SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE PRODUCTS.

15-6A-01.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "CARRIER" MEANS:

(1) AN INSURER;

(2) A NONPROFIT HEALTH SERVICE PLAN;

(3) A HEALTH MAINTENANCE ORGANIZATION;

(4) A DENTAL PLAN ORGANIZATION; OR

(5) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS SUBJECT TO REGULATION BY THE STATE.

(C) "COMMISSION" MEANS THE STATE HEALTH SERVICES COST REVIEW COMMISSION.

(D) "SUBSTANTIAL, AVAILABLE, AND AFFORDABLE COVERAGE PRODUCT" OR "SAAC PRODUCT" MEANS A HEALTH BENEFIT PLAN THAT:

(1) IS OFFERED IN THE NONGROUP MARKET;

(2) IS OFFERED ON AN OPEN ENROLLMENT BASIS;

(3) INCLUDES BENEFITS IN ACCORDANCE WITH THE PLAN ESTABLISHED UNDER § 15-6A-04 OF THIS SUBTITLE; AND

(4) IS PRICED AT LEAST 5% HIGHER THAN THE PREMIUMS OF THE GREATER OF:

(I) ANY COMPREHENSIVE STANDARD HEALTH BENEFIT PLAN ISSUED BY THE CARRIER PURSUANT TO § 15-1207 OF THIS TITLE; OR

(II) A BENEFIT-EQUIVALENT MEDICALLY UNDERWRITTEN INDIVIDUAL PRODUCT OFFERED BY THE CARRIER.

15-6A-02.

THE COMMISSIONER SHALL NOTIFY THE COMMISSION OF EACH CARRIER THAT:

(1) APPLIES FOR APPROVAL OF A SAAC PRODUCT UNDER § 15-6A-03 OF THIS SUBTITLE; OR

(2) HAS A SAAC PRODUCT THAT HAS BEEN APPROVED UNDER § 15-6A-03 OF THIS SUBTITLE.

1 15-6A-03.

2 (A) TO APPLY FOR APPROVAL OF A SAAC PRODUCT, A CARRIER SHALL SUBMIT  
3 TO THE COMMISSIONER AN APPLICATION ON THE FORM THE COMMISSIONER  
4 REQUIRES AND EVIDENCE THAT THE CARRIER'S SAAC PRODUCT COMPLIES WITH  
5 THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION.

6 (B) TO QUALIFY FOR APPROVAL, A SAAC PRODUCT SHALL:

7 (1) BE ADVERTISED BY THE CARRIER DURING AT LEAST TWO OPEN  
8 ENROLLMENT PERIODS PER YEAR, FOR A DURATION OF 1 MONTH PER OPEN  
9 ENROLLMENT PERIOD;

10 (2) HAVE AGE OR GEOGRAPHY BANDING OF ITS COMMUNITY RATE THAT  
11 IS CONSISTENT WITH § 15-1205 OF THIS TITLE; AND

12 (3) COMPLY WITH ANY REGULATIONS ADOPTED BY THE COMMISSIONER  
13 AND THE COMMISSION.

14 [15-606.] 15-6A-04.

15 (a) [In this section, "carrier" means:

16 (1) an insurer;

17 (2) a nonprofit health service plan;

18 (3) a health maintenance organization;

19 (4) a dental plan organization; or

20 (5) any other person that provides health benefit plans subject to  
21 regulation by the State.]

22 [(b) (1)] The Maryland Health Care Commission shall adopt regulations that  
23 specify a plan for A substantial, available, and affordable coverage PRODUCT that  
24 shall be offered in the nongroup market by a carrier that qualifies for an approved  
25 [purchaser] differential under § 19-207.1(C) OF THE HEALTH - GENERAL ARTICLE  
26 AND regulations adopted by the COMMISSIONER AND THE [Health Services Cost  
27 Review] Commission.

28 [(2)] (B) In establishing a plan under this [subsection] SECTION, the  
29 Maryland Health Care Commission shall judge preventive services, medical  
30 treatments, procedures, and related health services based on:

31 [(i)] (1) their effectiveness in improving the health of individuals;

32 [(ii)] (2) their impact on maintaining and improving health and  
33 encouraging consumers to use only the health care services they need; and

34 [(iii)] (3) their impact on the affordability of health care coverage.

1                   [(3)]   (C)    The Maryland Health Care Commission may exclude from the  
2 plan:

3                           [(i)]   (1)    a health care service, benefit, coverage, or reimbursement  
4 for covered health care services that is required under this article or the Health -  
5 General Article to be provided or offered in a health benefit plan that is issued or  
6 delivered in the State by a carrier; or

7                           [(ii)]   (2)    reimbursement required by statute, by a health benefit  
8 plan for a service when that service is performed by a health care provider who is  
9 licensed under the Health Occupations Article and whose scope of practice includes  
10 that service.

11                   [(4)]   (D)    The plan shall include uniform deductibles and cost-sharing  
12 associated with its benefits, as determined by the Maryland Health Care  
13 Commission.

14                   [(5)]   (E)    In establishing cost-sharing as part of the plan, the Maryland  
15 Health Care Commission shall:

16                           [(i)]   (1)    include cost-sharing and other incentives to help  
17 consumers use only the health care services they need;

18                           [(ii)]   (2)    balance the effect of cost-sharing in reducing premiums  
19 and in affecting utilization of appropriate services; and

20                           [(iii)]   (3)    limit the total cost-sharing that may be incurred by an  
21 individual in a year.

22 15-6A-05.

23    THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT THIS  
24 SUBTITLE.

25    SECTION 2. AND BE IT FURTHER ENACTED, That, ~~until January 1, 2002,~~  
26 the Health Services Cost Review Commission may not take any action to eliminate or  
27 adjust the SAAC differential that is in effect on ~~June~~ April 1, 2000 ~~until~~:

28                   (1)    the Task Force to Study the Non-group Health Insurance Market has  
29 submitted its final report to the General Assembly; and

30                   (2)    the General Assembly has affirmatively acted on that final report  
31 during the 2001 Session of the General Assembly.

32    SECTION 3. AND BE IT FURTHER ENACTED, That, Section 2 of this Act shall  
33 take effect June 1, 2000.

34    SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
35 Section 3 of this Act, this Act shall take effect ~~January 1, 2002~~ July 1, 2001.

